

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

West Bancorporation, Inc. and West Bank

Point of Contact:	Doug Gulling	RSSD: (For Bank Holding Companies)	139740
UST Sequence Number:	270	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	36,000,000	FDIC Certificate Number: (For Depository Institutions)	15614
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 31, 2008	City:	West Des Moines
Date Repaid ¹ :	N/A	State:	Iowa

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Loans grew by \$21.7 million in the first quarter of 2009. This is net growth. Actual new loans exceeded this amount, but were offset by loan payments and pay-offs. Throughout 2010, loan payments and pay-offs have exceeded new loan originations.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

During the first quarter of 2009, the following loan categories increased as indicated: commercial real estate - \$12.8 million; commercial and industrial - \$9.6 million; construction - \$3.5 million; and industrial revenue bonds - \$5.5 million. Since the first quarter of 2009, all categories have declined.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

\$2 million of the proceeds were used to pay off a loan with a regional bank.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

We applied for CPP funds because the Treasury was offering tis program to strong banks. Not knowing the severity of the financial crisis that was unfolding, we decided to apply to have the strength to ride out the storm.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We were able to avoid a reduction in new loans originated. However, subsequent to the first quarter of 2009, loan payments and pay-offs have exceeded the volume of new loans. During the financial crisis, borrowers have been reducing their debt and there has been a noticeable reduction in applications for new loans.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We continued to fund viable loan requests. Without the CPP funds we may have reduced new loan approvals in order to reduce the Bank's overall risk profile and improve various capital ratios. However, we did not need to intentionally reduce new loan approvals and the CPP funds allowed the Bank to be in a strong position through this economic downturn.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Throughout 2010 we were able to book viable new loan requests and remain very well capitalized.